

Eduard Korsinsky (EK-8989)
LEVI & KORSINSKY LLP
235 Main Street
Hackensack, New Jersey 07601
Tel.: (973) 265-1600
Fax: (212) 363-7171
Email: ek@zlk.com

Attorneys for Plaintiff and the Proposed Class
(Additional counsel appear on signature page)

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

SANDI ROPER, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

SITO MOBILE LTD., JERRY HUG,
and KURT STREAMS,

Defendants.

Case No. 17-cv-1106

CLASS ACTION

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

This action is brought against Defendants Sito Mobile Ltd. (“Sito” or the “Company”), Jerry Hug, and Kurt Streams (“collectively, the “Defendants”) whose address is 100 Town Square Place, Suite 204, Jersey City, NJ 07310. Plaintiff Sandi Roper (“Plaintiff”), whose address is 25415 Seven Rivers Circle, Land

O'Lakes, FL 34639, by her attorneys, except for her own acts, which are alleged on knowledge, alleges the following based upon the investigation of counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Sito, as well as regulatory filings and reports, securities analyst reports and advisories by the Company, press releases and other public statements issued by the Company, and media reports about the Company. Plaintiff believes that additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of all investors who purchased or otherwise acquired the Company's common stock between February 9, 2016, and January 2, 2017, inclusive (the "Class Period"), seeking remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. This action is brought on behalf of the Class for violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

3. Sito is a company specializing in mobile location-based advertising and mobile messaging. In December 2013, Sito launched its messaging and media placement businesses on mobile devices.

4. Sito provides a platform serving businesses, advertisers and brands, and allowing them to create real-time targeted content based on location, interests, behaviors and loyalty.

5. The Company made materially false and/or misleading statements, misrepresenting its media placement revenues.

6. As the truth was revealed, the price of Sito stock declined from a closing share price of \$3.69 per share on December 30, 2016 to close at \$2.50 per share on January 3, 2017, a drop of approximately 32%, on extremely heavy trading volume.

JURISDICTION AND VENUE

7. The federal law claims asserted herein arise under §§ 10(b) and 20(a) of the Exchange Act, 15 U.S.C. § 78j(b) and § 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, as well as under the common law.

8. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 and § 27 of the Exchange Act, 15 U.S.C. § 78aa. In connection with the acts, conduct and other wrongs alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the U.S. mails, interstate telephone communications, and the facilities of the NASDAQ (a national securities exchange located in this District).

9. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) and § 27 of the Exchange Act.

PARTIES

10. Plaintiff purchased Sito common stock as set forth herein and in her certification filed herewith. Plaintiff's certification evidencing her transactions is attached hereto as Exhibit A.

11. Sito is a Delaware corporation with its principal executive offices located at 100 Town Square Place, Suite 204, Jersey City, NJ 07310. Sito's common stock trades on the NASDAQ under the ticker symbol "SITO."

12. Defendant Jerry Hug ("Hug") is the Company's Chief Executive Officer ("CEO") and Principal Executive Officer.

13. Defendant Kurt Streams ("Streams") is the Company's Chief Financial Officer, and Principal Financial & Accounting Officer.

14. Defendants in Paragraphs 12-13 are collectively referred to herein as the "Individual Defendants."

15. Each of the Individual Defendants:

- a) directly participated in the management of the Company;
- b) was directly involved in the day-to-day operations of the Company at the highest levels;

- c) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- d) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- e) was aware of or deliberately recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- f) approved or ratified these statements in violation of the federal securities laws.

16. Because of the Individual Defendants' positions within the Company, they had access to undisclosed information about Sito's business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations and performance), conversations and connections with other corporate officers and employees, attendance at management and Board meetings and committees thereof and via reports and other information provided to them in connection therewith.

17. As officers of a publicly-held company whose securities were, and are, registered with the SEC pursuant to the federal securities laws of the United

States, the Individual Defendants each had a duty to disseminate prompt, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

18. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Sito's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false

and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

19. Each of the Individual Defendants are liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Sito’s common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Sito’s business, operations, management and the intrinsic value of its securities and (ii) caused Plaintiff and other shareholders to purchase Sito common stock at artificially inflated prices.

CONTROL PERSON ALLEGATIONS

20. By reason of the Individual Defendants’ positions with the Company as executive officers the Individual Defendants possessed the power and authority to control the contents of Sito’s quarterly reports, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material, non-public information available to them

but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

I. Company Background

21. Sito is a company specializing in mobile location-based advertising and mobile messaging. Sito provides a platform serving businesses, advertisers and brands, and allowing them to create real-time targeted content based on location, interests, behaviors and loyalty.

22. Via the platform, Sito delivers display advertisements and videos on behalf of its customers. The platform also allows customers to build and control both messaging and customer incentive programs.

23. Sito rebranded itself in September 2014, in an effort to emphasize the mobile location-based advertising and mobile messaging. Sito then focused on maximizing its messaging and media placement businesses on mobile devices.

24. On November 25, 2015, Sito filed an annual report on Form 10-K with the SEC, for the fiscal year ended September 30, 2015 (“2015 10-K”), in which Sito defines media placement revenue recognition as follows:

The Company recognizes media placement revenue based on the activity of mobile users viewing ads through developer applications and mobile websites. ***Media placement revenues are recognized when the Company's advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ads delivered, or views, clicks or actions by users on mobile advertisements. At such time, the Company's services have been provided, the fees charged are fixed or determinable, persuasive evidence of an arrangement exists, and collectability is reasonably assured.***

The Company evaluates whether it is appropriate to recognize media placement revenue based on the gross amount billed to the customers or the net amount earned as revenue. When the Company is primarily obligated in a transaction, has latitude in establishing prices, is responsible for fulfillment of the transaction, has credit risk, or has several but not all of these indicators, revenue is recorded on a gross basis. While none of the factors individually are considered presumptive or determinative, in reaching conclusions on gross versus net revenue recognition, the Company places the most weight on the analysis of whether or not it is the primary obligor in the arrangement. The Company records the net amounts as media placement revenue earned if it is not primarily obligated or does not have latitude in establishing prices or credit risk.

Emphasis added.

25. In the 2015 10-K, the Company reported a media placement revenue of \$758,359 for the fiscal year ended September 30, 2014, versus \$8,093,841 for the fiscal year ended September 30, 2015. Sito also stated a revenue growth in fiscal 2015 as compared to fiscal 2014, being comprised of a \$7,335,482 or 967% increase in media placement revenue.

II. Material Misstatements and Omissions during the Class Period

26. The Class Period begins on February 9, 2016, when Sito issued a press release also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the first fiscal quarter ended December 31, 2015 ("1Q2016 Press Release"). For the quarter, the Company reported a total revenue of \$7.2 million, compared to a total revenue of \$3.8 million in the previous year's comparable quarter. The 1Q2016 Press Release stated in pertinent part:

JERSEY CITY, N.J., February 9, 2016 (GLOBE NEWSWIRE) -- SITO Mobile Ltd. (NASDAQ:SITO), a leading mobile engagement platform, today announced results for its fiscal first quarter ended December 31, 2015.

First Quarter 2016 Business Highlights

- **TOTAL REVENUE:** Total revenue was \$7.2 million, an increase of 87% year-over-year and 60% sequentially.
- **MEDIA PLACEMENT REVENUE:** Media Placement revenue (SITO Mobile's programmatic advertising revenue) was \$5.3 million, more than triple year-over-year and an increase of 77% sequentially over Q4 2015.
- **WIRELESS APPLICATIONS REVENUE:** Wireless Applications Revenue (SITO Mobile's SMS Revenue) was \$1.6 million, an increase of 20% sequentially.
- **ADJUSTED EBITDA:** SITO produced approximately \$677,000 in Adjusted EBITDA compared with approximately (\$764,000) Adjusted EBITDA loss in Q4 2015.

- **GROSS PROFIT:** Gross Profit was \$3.8 million (52% gross margin) in Q1 2016, up from \$2.4 million (52% gross margin) in Q4 2015 and up from \$2 million (52% Gross Margin) in Q1 2015. (Please refer to the supplemental schedule below for calculation of Gross Profit and Gross Margin)
- **CASH AND CASH EQUIVALENTS:** Cash on hand was approximately \$2.6 million at the end of Q1 – an increase of approximately \$600,000 from Q4.
- **INTERNATIONAL EXPANSION:** Providing greater revenue visibility, SITO formalized its partnership in the Canadian market, with a commitment from Cieslok Media to deliver a minimum of \$2.1 million in Media Placement revenue in calendar year 2016.

“We’re off to a great start in 2016,” said Jerry Hug, CEO of SITO Mobile. *“Our performance was driven by increasing momentum in our Media Placement business* and during the holiday season we saw increased demand for our proprietary mobile location-based Verified Walk-In product which continues to deliver excellent ROI to advertisers. *As we look ahead, we are encouraged by SITO’s continued revenue momentum* and operating leverage and we expect to produce increasing positive EBITDA in the full year of 2016 as we continue to execute on our plan.”

Emphasis added.

27. The same day, during a conference call to discuss the Company’s financial and operating results for the first fiscal quarter ended December 31, 2015, SITO’s CEO, Defendant Hug, stated in relevant part:

We now run campaigns for a growing number of Fortune 500 companies either directly or indirectly through agencies. We’re also having success dealing directly with large household name brands as they become more involved with direct-to-consumer mobile advertising and become more hands on with running their own

programmatic mobile ad campaigns in-house versus farming them out.

Looking at these verticals, it's apparent that our solutions are valuable to a variety of businesses and brands, who want to drill down further into consumer behavior and location, an interesting current opportunity on this front is the political arena. And in the coming weeks, SITO will launch its new political product SITO Elect. The product will enable political parties and candidates to utilize mobile location-based targeting and data to influence key audience segments such as millennials and minorities. ***The 2016 Elections will see significant political ad budget move from TV to mobile due to higher engagement levels and better targeting capabilities.***

SITO Elect will enable us to compete for the coming on slot of campaign advertising dollars. Putting this all together on the foundation of our product results, we're expanding, growing and diversifying our client base and expanding campaign sizes, we're also growing and expanding our distribution partner network. We're getting on the radar more and more well-known and bigger brands and agencies with bigger budgets and growing the mobile demand and we're calling higher up the food chain of budget allocators with many of these clients."

Emphasis added.

28. The same day, SITO filed a Form 10-Q with the SEC announcing the Company's financial and operating results for the first fiscal quarter ended December 31, 2015 ("1Q2016 10-Q"), which was signed and certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants. Throughout the Q1 2016 10-Q the Company reapproved the previous statements concerning the Company's financials.

29. On May 16, 2016, Sito issued a press release also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the fiscal quarter ended May 31, 2016, ("May 2016 Press Release"). For the quarter, the Company reported a total revenue of \$6.5 million, compared to a total revenue of \$3.7 million in the previous year's comparable quarter. The May 2016 Press Release stated in relevant part:

JERSEY CITY, N.J., May 16, 2016 (GLOBE NEWSWIRE) -- SITO Mobile Ltd. (NASDAQ: SITO), a leading mobile engagement platform, today announced its results for the quarter ended March 31, 2106.

Business Highlights for March 31, 2016 Quarter

- **TOTAL REVENUE:** \$6.5 million, an increase of 72% year-over-year.
- **MEDIA PLACEMENT REVENUE:** (SITO Mobile's programmatic advertising revenue) was \$4.9 million, an increase of 200% year-over-year.
- **GROSS PROFIT:** \$3.4 million (53% gross margin) for the March 31, 2016 quarter, up from \$2.1 million (56% gross margin) for the March 31, 2015 quarter. (Please refer to the supplemental schedule below for calculation of Gross Profit and Gross Margin)

"We've begun 2016 with strong results and accelerating momentum" said Jerry Hug, CEO of SITO Mobile. ***"We're seeing higher levels of customer engagement in our Media Placement business – resulting in strong growth in bookings.*** Our Media Placement revenue is driven largely by our Verified Walk-In measurement and attribution solution, which continues to bring excellent mobile campaign results for our clients. We're continually improving our platform and adding new capabilities along with new data and distribution partners,

creating even better and broader reaching mobile engagement solutions. As we move forward in 2016, our product enhancements combined with client success-to-date are bringing more clients, more campaigns and larger campaign size to SITO Mobile. ***Altogether, we are driving record bookings and we are looking forward to producing significant Media Placement revenue growth for the current quarter, the balance of the year and beyond.***"

Emphasis added.

30. In the 2Q2016 Conference Call, Defendant Hug responded to analyst John Nobile from the equity firm Taglich Brothers, Inc., stating in pertinent part:

John Nobile:

Hi. Good afternoon, guys. I just have a couple of questions. ***Being we are in an election year I was curious you have the SITO Elect product out there now, if you have numbers can breakdown through the quarter what SITO Elect contributed to the quarter in revenue?***

Jerry Hug:

So in the prior quarter it was really very little, the minimis John. ***What we are seeing is some -- we are seeing bookings starting to build and we are -- I am not going to talk about that in -- as a specific product line.*** We don't breakout the numbers in a product line. ***But suffice it to say as we move into the general we are now starting to see insertion orders come in and we are working hard to get more.***

John Nobile:

Okay. I just wanted to make sure you had mention about -- ***you currently have about 100 customers. Is that correct? If we stand there.***

Kurt Streams:

That's what our customer count was in that first quarter, correct.

John Nobile:

Okay in Q1. And 30% of these were new so 30% of 100% you had about 30 new customers that came into your platform over the quarter.”

Kurt Streams:

Right. We are always bringing in new customers.

Emphasis added.

31. The same day, Sito filed a Form 10-Q with the SEC announcing the Company's financial and operating results for the second fiscal quarter ended March 31, 2016 (“May 2016 10-Q”), which was signed and certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants. Throughout the May 2016 10-Q, the Company reapproved its previous statements concerning its financials.

32. On June 17, 2016, the Company filed a Form 10-KT that transitioned the Company's fiscal year end from September 30 to December 31 as of the date of filing.

33. On August 15, 2016, Sito issued a press release also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the second fiscal quarter ended June 30, 2016, (“2Q2016 Press Release”). For the quarter, the Company reported a total revenue

of \$9.9 million, compared to a total revenue of \$3.7 million in the previous year's comparable quarter. The 2Q2016 Press Release stated in relevant part:

JERSEY CITY, N.J., August 15, 2016 (GLOBE NEWSWIRE) -- SITO Mobile Ltd. (NASDAQ: SITO), a leading mobile engagement platform, today announced its results for the second quarter ended June 30, 2016.

Second Quarter 2016 Business Highlights

- **TOTAL REVENUE:** was \$9.9 million, an increase of 168% year-over-year.
- **MEDIA PLACEMENT REVENUE:** (SITO Mobile's programmatic advertising revenue) was \$8.3 million, *an increase of 285% year-over-year and 71% sequentially.*
- **GROSS PROFIT:** was \$5.4 million (55% gross margin) in Q2 2016, up from \$1.8 million (51% gross margin) in Q2 2015. (Please refer to the supplemental schedule below for calculation of Gross Profit and Gross Margin).
- **ADJUSTED EBITDA:** was \$1.8 million for the quarter, up from \$0.1 million in Q1 and (\$0.2) million in Q2 of 2015. (See attached schedule for reconciliation of Adjusted EBITDA to GAAP)
- **NET INCOME:** was \$0.7 million, which equates to \$0.04 earnings per share on total shares outstanding of 17.4 million.

“In the Second quarter, we produced early indications of the kind of consistent, solid revenue growth we’re expecting as we work towards becoming a dominant player in location-based mobile advertising,” said Jerry Hug, CEO of SITO Mobile. “The overall market for mobile advertising is already measured in \$10’s of billions and is growing rapidly. Mobile Media is uniquely equipped to handle location-based ad campaigns and SITO Mobile is emerging as a leading player in this \$18 billion segment of the mobile advertising market. SITO Mobile is creating higher levels of mobile consumer engagement – resulting in more clients, more campaigns and larger campaign spending

commitments, as the largest global advertisers shift significant advertising dollars to mobile. On this foundation, we look forward to producing meaningful revenue growth for the balance of 2016 and beyond.”

Emphasis added.

34. The same day, during a conference call to discuss the Company’s financial and operating results for the second fiscal quarter ended June 30, 2016, Defendant Hug stated in relevant part:

Let me take a moment to talk about seasonality in the advertising business, and how that may affect our growth progression. We now have better visibility into future media placement revenue versus several quarters ago as a result of improved participation in advertiser's planning and request for mobile ad campaign proposals. So, precise predictions in the advertising business beyond our horizon of several weeks can be a difficult proposition.

With that said, there are some typical seasonal patterns worth keeping in mind. As we discussed in our last call, typically the first quarter of the year start slow as post-holiday spending drops off considerably. Activity then builds through the quarter, gain strength, and through the second quarter as we've been demonstrated in our Q2 results. There has been typically a brief drop off in the early summer, and we did experience about a 10% less ad revenue dollars in July versus June, which was a record high month for us.

Now, we are building bookings as the fall season approaches and we expect growth to continue through the holiday season. So while we expect strong year-over-year growth in the third quarter, we believe a sequential growth in Q3 will follow advertising seasonal trend of being modest versus Q2, and we expect Q4 to grow sequentially from Q3. We plan to give you more color on that in our next earnings call in November.

Media placement revenue has grown to represent 84% of our total revenue in Q2, 2016. *Media placement revenue in Q2 came from*

around 100 different clients and 400 different campaigns, demonstrating our continued revenue diversification. The media placement business is clearly our revenue growth engine, and we expect to maintain and grow this diverse revenue base in the coming quarters, as we add customers and their larger mobile advertising campaign expense.

Emphasis added.

35. The same day, Sito filed a Form 10-Q with the SEC announcing the Company's financial and operating results for the second fiscal quarter ended June 30, 2016 ("2Q2016 10-Q"), which was signed and certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants. Throughout the 2Q2016 10-Q the Company reapproved the previous statements concerning its financials.

36. On September 15, 2016, Sito announced the public offering of common stock. Sito offered up to 3,066,667 shares of its common stock \$0.001 par value per share.

37. On September 21, 2016, Sito announced the closing of public offering of 2,666,667 shares of its common stock, plus an additional 400,000 shares sold upon full exercise of the underwriters' overallotment option at a price to the public of \$3.75 per share. Sito announced receiving gross proceeds of \$11.5 million and estimated net proceeds from the offering to be approximately \$10.3 million.

38. On November 14, 2016, Sito issued a press release also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the third fiscal quarter ended September 30,

2016, (“3Q2016 Press Release”). For the quarter, the Company reported a total revenue of \$10.3 million, compared to a total revenue of \$3.02 million in the previous year’s comparable quarter. The 3Q016 Press Release stated in relevant part:

JERSEY CITY, N.J., November 14, 2016 (GLOBE NEWSWIRE) -- SITO Mobile Ltd. (NASDAQ: SITO), a leading mobile engagement platform, today announced its results for the third quarter ended September 30, 2016.

Third Quarter 2016 Business Highlights

- **TOTAL REVENUE:** was \$10.3 million, an increase of 129% year-over-year.
- **MEDIA PLACEMENT REVENUE:** (SITO Mobile’s programmatic advertising revenue) was \$8.4 million, an increase of 179% year-over-year.
- **GROSS PROFIT:** was \$5.7 million (55% gross margin), up from \$2.4 million (52% gross margin) in Q3 2015. (Please refer to the supplemental schedule below for calculation of Gross Profit and Gross Margin).
- **ADJUSTED EBITDA:** was \$1.8 million, up from a loss of \$(0.7) million in Q3 of 2015. (See attached schedule for reconciliation of Adjusted EBITDA to GAAP)
- **NET INCOME:** was \$501 thousand which equates to \$0.03 (diluted) earnings per share on total (diluted) shares outstanding of 19.5 million.

“Q3 was another successful and productive quarter for SITO Mobile,” said Jerry Hug, SITO Mobile’s CEO. *“Our media placement business once again delivered stellar year-over-year growth and we made good progress on our key priorities. We added new customers and*

increased total campaigns while also adding more partners to our data ecosystem. Our RFP pipeline is growing and our pool of opportunities is increasing as current and prospective clients begin to recognize, appreciate and embrace the value of SITO Mobile's location-based marketing platform."

Hug continued, "In September we raised \$10.3 million in net proceeds through an equity offering. This successful offering was enabled by the strength of our strategic positioning in the mobile adtech marketplace coupled with our strong revenue growth and profitability. As a result of this offering, we added several new institutional shareholders and increased market awareness and liquidity. The proceeds from this offering strengthen our balance sheet, and provide financial flexibility as we execute our plan."

Emphasis added.

39. The same day, during a conference call to discuss the Company's financial and operating results for the third fiscal quarter ended September 30, 2016 ("3Q2016 Conference Call"). During the 3Q2016 Conference Call, Defendant Hug stated:

Jerry Hug

Thanks, Joe. Good afternoon to everyone on the line and thank you for joining us on our call today. Q3 was another successful and productive quarter that delivered solid results. Our core media placement business met expectations, once again delivering excellent year-over-year growth. *We made good progress on our key priorities, grew our RFP pipeline and we continue to maintain a very positive outlook for the balance of the year and beyond.* In late Q3, we also significantly improved our balance sheet and our overall corporate profile through a successful equity offering.

* * *

We've had an excellent 2016 thus far with lots of accomplishments and very healthy revenue growth and we have a very positive

outlook for the remainder of this year and throughout 2017. On this foundation, we are in excellent position to grow revenues and earnings significantly from here in the coming years.

Emphasis added.

40. During the introductory presentations by the Company's executives at the beginning of the 3Q2016 Conference Call, Sito's CFO, Defendant Streams stated:

We've had an excellent 2016 thus far with lots of accomplishments and very healthy revenue growth and we have a very positive outlook for the remainder of this year and throughout 2017. On this foundation, we are in excellent position to grow revenues and earnings significantly from here in the coming years.

Emphasis added.

41. During the Sito's CEO and Individual Defendant Hug also stated in relevant part:

Jon Hickman:

*Real quick question, can you tell us if there was much - **did you get much lift in this quarter from the political campaign, the elections campaign ads?***

Jerry Hug:

So we did not, Jon, and the action or the activities that we saw in our political product were more down ballot than in the general.

Jon Hickman:

So there won't be any like a meaningful drop off in all of the stuff over right?

Jerry Hug:

That's correct. There will not be.

Emphasis added.

42. Also during the 3Q2016 Conference Call, Sito's CFO, Defendant Streams responded to a question from an analyst concerning the Company's media placement business, stating in relevant part:

Mike Malouf

And then with regards to the media placement business. Can you talk a little bit about seasonality, I know we were flat or roughly flat up 1.5% for the September quarter, I know that's sort of where you guided to especially coming out of the summer. How does - how should we expect the fourth quarter with regards to seasonality and then maybe some comments on March as well because you've got a lot of sort of cross-currents going on with regards to the growth.

Kurt Streams

Well, Q4 is seasonally our stronger quarter in the advertising business and it's that way for SITO as well. So you should think of it that way, we think it's going to be strong year over year. It's also going to be you know it's a strong seasonal quarter. The Q1 quarter is typically seasonally a slower quarter again just based on the timing of ad spends and the way ad agencies are planning cycles work. And then with regards to margin, we made the remark that our margins were in the mid 50s and now the margins will fluctuate a little bit depending on revenue opportunities that we see before us. But we like the margin levels that we're running the business at.

Emphasis added.

43. The same day, Sito filed a Form 10-Q with the SEC announcing the Company's financial and operating results for the third fiscal quarter ended

September 30, 2016 (“3Q2016 10-Q”), which was signed and certified under the Sarbanes Oxley Act of 2002 by the Individual Defendants. Throughout the 3Q 2016 10-Q the Company reapproved the previous statements concerning its financials.

44. The statements in paragraphs 26-43 above were false and/or misleading as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, these statements were false and/or misleading statements and/or failed to disclose that: (i) Sito’s growth of bookings would not propel the Company’s fourth fiscal quarter 2016 media placement revenues and revenue growth to the level represented during the Class Period; (ii) Sito was aware that the election would impact the Company’s fourth fiscal quarter 2016 revenue, (iii) clients’ campaign spending and media placement revenues in the fourth quarter 2016 was highly dependent on the elections; (iv) the Company’s growth in media placement revenues would not occur in the fourth fiscal quarter 2016; (iv) as a result of the foregoing, the Company’s statements, as well as Defendants’ statements about Sito’s business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

III. The Truth Emerges

45. Before the marked opened on January 3, 2017, Sito issued a press release, also attached as exhibit 99.1 to the Form 8-K filed with the SEC

announcing the Company's preliminary media placement revenue results for the fourth fiscal quarter and year ended December 31, 2016, ("4Q2016 Press Release"). For the quarter, the 4Q2016 Press Release stated the Company's media placement revenue was in the range of \$7.3-7.6 million, compared to media placement revenue of \$5.5 million in the previous year's comparable quarter. The 4Q2016 Press Release stated in relevant part:

JERSEY CITY, N.J., January 3, 2017 (GLOBE NEWSWIRE) -- SITO Mobile Ltd. (NASDAQ: SITO), a leading mobile engagement platform provider, announced today that *preliminary media placement revenue for the quarter ending December 31, 2016, is expected to be in the range of \$7.3 -\$7.6 million*. SITO is scheduled to report its 4th quarter and full year results on March 28, 2017.

SITO Mobile's 4th quarter was negatively affected this year by restrained advertising spending during a period of heightened and elongated media focus on this year's U.S. election.

Commenting on the quarter, Jerry Hug, SITO Mobile's CEO, said, "We are disappointed that Q4 ad revenue fell below our expectations after a very good year overall. *We clearly underestimated the effects of this year's election on our clients' campaign spending.* Leading into the quarter, we saw seemingly normal activity levels and then *revenue dropped off dramatically during the election window.* Revenue and bookings activity picked back up again in December. We continue to win new business and retain our valued customer relationships by leveraging SITO's effective and efficient location-based targeting in combination with fully transparent, real-time insights into marketers' campaigns. Additionally, we look forward to introducing syndicated recurring data deals in 2017 to mitigate the variability of our financial performance."

Emphasis added.

46. On this news, the price of Sito declined from a closing share price of \$3.69 per share on December 30, 2016 to close at \$2.50 per share on January 3, 2017, a drop of approximately 32%, on extremely heavy trading volume.

SCIENTER ALLEGATIONS

47. As alleged herein, Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Sito, their control over, and/or receipt and/or modification of Sito's allegedly materially misleading statements and/or their associations with the Company which made them privy to confidential proprietary information concerning Sito, participated in the fraudulent scheme alleged herein.

LOSS CAUSATION

48. During the Class Period, as detailed herein, Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Sito's common stock and

operated as a fraud or deceit on Class Period purchasers of Sito common stock by materially misleading the investing public. Later, when Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the price of Sito's common stock fell precipitously, as the prior artificial inflation came out of the price over time. As a result of their purchases of Sito common stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

APPLICATION OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE

49. At all relevant times, the market for Sito's securities was an efficient market for the following reasons, among others:

- a) Sito common stock met the requirements for listing, and was listed and actively traded on NASDAQ, a highly efficient and automated market;
- b) Sito filed periodic public reports with the SEC and NASDAQ; and
- c) Sito regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services.

50. As a result of the foregoing, the market for Sito securities promptly digested current information regarding Sito from all publicly available sources and

reflected such information in Sito's stock price. Under these circumstances, all purchasers of Sito common stock during the Class Period suffered similar injury through their purchase of Sito's common stock at artificially inflated prices, and a presumption of reliance applies.

51. Alternatively, reliance need not be proven in this action because the action involves omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered the omitted information important in deciding whether to buy or sell the subject security. Here, the facts withheld are material because an investor would have considered the Company's true net losses and adequacy of internal controls over financial reporting when deciding whether to purchase and/or sell stock in Sito.

NO SAFE HARBOR

52. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they

were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Sito who knew that the statement was false when made.

CLASS ACTION ALLEGATIONS

53. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired Sito common stock during the Class Period (the “Class”). Excluded from the Class are Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

54. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Sito common stock was

actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Sito or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions. As of November 14, 2016, Sito had 20,681,047 outstanding shares of common stock. Upon information and belief, these shares are held by thousands if not millions of individuals located geographically throughout the country and possibly the world. Joinder would be highly impracticable.

55. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by the defendants' respective wrongful conduct in violation of the federal laws complained of herein.

56. Plaintiff has and will continue to fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

57. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members

of the Class which predominate over questions which may affect individual Class members, including:

- (a) whether the Exchange Act was violated by Defendants;
- (b) whether Defendants omitted and/or misrepresented material facts in their publicly disseminated reports, press releases, and statements during the Class Period;
- (c) whether Defendants' statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) whether Defendants participated and pursued the fraudulent scheme or course of business complained of herein;
- (e) whether Defendants acted willfully, with knowledge or recklessly in omitting and/or misrepresenting material facts;
- (f) whether the price of Sito common stock was artificially inflated during the Class Period as a result of the material nondisclosures and/or misrepresentations complained of herein; and
- (g) whether the members of the Class have sustained damages as a result of the decline in value of Sito's common stock when the truth was revealed, and if so, what is the appropriate measure of damages.

58. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct in a substantially identical manner.

59. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

60. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

CLAIMS FOR RELIEF

COUNT I

Violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5 (Against All Defendants)

61. Plaintiff incorporates by reference each and every preceding paragraph as though fully set forth herein.

62. This Count is asserted by Plaintiff on behalf of themselves and the Class against all the Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. C 240.10b-5, promulgated thereunder.

63. During the Class Period, Defendants carried out a plan, scheme, and course of conduct that was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as

alleged herein; (ii) artificially inflate and maintain the market price of Sito's common stock; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Sito's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan, and course of conduct, the Defendants, and each of them, took the actions set forth herein.

64. Defendants, by the use of means and instrumentalities of interstate commerce: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements made not misleading; and (iii) engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers and acquirers of the Company's common stock in an effort to maintain artificially high market prices for Sito's common stock in violation of Section 10(b) of the Exchange Act and Rule 10-5.

65. As a result of their making and/or their substantial participation in the creation of affirmative statements and reports to the investing public, Defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC, as embodied in SEC Regulation S-K (17 C.F.R. § 229.10, et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations and performance so that the market prices of the

Company's publicly traded securities would be based on truthful, complete, and accurate information. Defendants' material misrepresentations and omissions as set forth herein violated that duty.

66. Defendants engaged in the fraudulent activity described above knowingly and intentionally or in such a reckless manner as to constitute willful deceit and fraud upon Plaintiff and the Class. Defendants knowingly or recklessly caused their reports and statements to contain misstatements and omissions of material fact as alleged herein.

67. As a result of Defendants' fraudulent activity, the market price of Sito common stock was artificially inflated during the Class Period.

68. In ignorance of the true financial condition of Sito, Plaintiff and other members of the Class, relying on the integrity of the market and/or on the statements and reports of Sito containing the misleading information, purchased or otherwise acquired Sito's common stock at artificially inflated prices during the Class Period.

69. Plaintiff and the Class's losses were proximately caused by Defendants' active and primary participation in Sito's scheme to defraud the investing public by, among other things, failing to fully and accurately disclose to investors adverse material information regarding the Company. Plaintiff and other members of the Class purchased Sito's common stock in reliance on the integrity

of the market price of these securities, and Defendants manipulated the price of Sito's common stock through their misconduct as described herein. Plaintiff's and the Class's losses were a direct and foreseeable consequence of Defendants' concealment of the true financial condition of Sito.

70. Throughout the Class Period, Defendants were aware of material non-public information concerning Sito fraudulent conduct (including the false and misleading statements described herein). Throughout the Class Period, Defendants willfully and knowingly concealed this adverse information, and Plaintiff's and the Class's losses were the foreseeable consequence of Defendants' concealment of this information.

71. As a direct and proximate cause of the Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their respective purchases and sales of Sito common stock during the Class Period.

COUNT II
Violation of Section 20(a) of the Exchange Act
(Against the Individual Defendants)

72. Plaintiff incorporates by reference and realleges each and every allegation above as though fully set forth herein.

73. During the Class Period, the Individual Defendants were privy to non-public information concerning the Company and its business and operations via access to internal corporate documents, conversations and connections with other

corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public. Plaintiff and other members of the Class had no access to such information, which was, and remains solely under the control of the Defendants.

74. The Individual Defendants were involved in drafting, producing, reviewing and/or disseminating the materially false and misleading statements complained of herein. The Individual Defendants were aware (or recklessly disregarded) that materially false and misleading statements were being issued by the Company and nevertheless approved, ratified and/or failed to correct those statements, in violation of federal securities laws. Throughout the Class Period, the Individual Defendants were able to, and did, control the contents of the Company's SEC filings, reports, press releases, and other public statements. The Individual Defendants were provided with copies of, reviewed and approved, and/or signed such filings, reports, releases and other statements prior to or shortly after their issuance and had the ability or opportunity to prevent their issuance or to cause them to be corrected.

75. The Individual Defendants also were able to, and did, directly or indirectly, control the conduct of Sito's business, the information contained in its filings with the SEC, and its public statements. Moreover, the Individual Defendants made or directed the making of affirmative statements to securities analysts and the investing public at large, and participated in meetings and discussions concerning such statements. Because of their positions and access to material non-public information available to them but not the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations that were being made were false and misleading. As a result, the Individual Defendants are responsible for the accuracy of Sito's corporate releases detailed herein and is therefore responsible and liable for the misrepresentations contained herein.

76. The Individual Defendants acted as controlling persons of Sito within the meaning of Section 20(a) of the Exchange Act. By reason of their position with the Company, the Individual Defendants had the power and authority to cause Sito to engage in the wrongful conduct complained of herein. The Individual Defendants controlled Sito and all of its employees. As alleged above, Sito is a primary violator of Section 10(b) of the Exchange Act and SEC Rule 10b-5. By reason of their conduct, the Individual Defendants are liable pursuant to section 20(a) of the Exchange Act.

77. As a direct and proximate result of the wrongful conduct of Sito and the Individual Defendants, Plaintiff and members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment as follows:

(A) Declaring this action to be a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure and certifying Plaintiff as a representative of the Class and her counsel as Class counsel;

(B) Awarding Plaintiff and the members of the Class damages, including interest;

(C) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees; and

(D) Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: February 17, 2017

LEVI & KORSINSKY LLP

/s/ Eduard Korsinsky

Eduard Korsinsky (EK-8989)
235 Main Street
Hackensack, New Jersey 07601
Tel.: (973) 265-1600
Fax: (212) 363-7171
Email: ek@zlk.com

- and -

Nicholas I. Porritt*
Adam M. Apton*
Alexander A. Krot III*
1101 30th Street NW, Suite 115
Washington, DC 20007
Tel: (202) 524-4290
Fax: (202) 333-2121
Email: nporritt@zlk.com
Email: aapton@zlk.com
*Pro hac vice forthcoming

*Counsel for Plaintiff and for the
proposed class.*